GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:100
ANSWERED ON:25.07.2003
INTERNAL AND EXTERNAL DEBT
IQBAL AHMED SARADGI;NAWAL KISHORE RAI

Will the Minister of FINANCE be pleased to state:

(a) the internal and external debt burden on the country as on June 30, 2003;

(b) the amount repaid as external and domestic loan during each of the last three years:

(c) the per capita loan as on June 30, 2003;

(d) the interest per annum paid by the Government during the above period;

(e) the reasons for constant increase in the external debt; and

(f) the steps being taken by the Government to minimise the external/ internal debt of the country?

Answer

MINISTER OF FINANCE (SHRI JASWANT SINGH)

(a) to (f): A statement is placed on the Table of the House.

Statement referred to in reply of Lok Sabha Starred Question No. 100 byShri Nawal Kishore Rai and Shri Iqbal Ahmed Saradgi regarding Internal and External Debt for answer on July 25th, 2003.

(a) As per latest information available, internal debt of India as on March 31, 2003 was Rs. 15,04,226 Crores and total external debt as at end-December, 2002 was US$ 105.00 billion (Rs. 504,394 crores).

(b) The amount repaid on internal and external debt during the last three years are as follows:

Year	Principal Repayment on Internal Debt as Market loan (Rupees in crores)	Principal Repayment on External Debt (US $ in millions)
2000-01	27,275	8,359
2001-02	26,489	6,776
2002-03	27,420#	6,754@

@ : April, 2002 - December 31, 2002
# : 2002-03 (RE)

(c) The per Capita external debt of the country as at end-December, 2002 was US $ 101.20 (Rs. 4,864) and internal debt as on March 31, 2003 was Rs.14,506.

(d) The amount paid as interest on internal and external debt during the last three years were as follows:

Year	Interest payment on Internal Debt# (Rupees in crores)	Interest payment on External Debt (US $ in millions)

2000-01	75,172	4, 462
2001-02	81,793	4,086
2002-03	90,162@	2,695+

+ : April, 2002 - December 31, 2002;
@ : 2002-03 (RE)
# : This is net of receipts on account of accrued interest arising out from market borrowings.

(e) The main reason for increase in external debt of the country was due to deposits of maturity proceeds of Non-Resident Non Repatriable Deposits [NR(NR)D] and Non-Resident Special Rupee Deposit [NR(SR)] schemes to the Non-Resident External Rupee Account (NRE) accounts of holders which were discontinued with effect from April 1, 2002.

The quantum of public debt, including internal debt has been growing over the years on account of large and persistent fiscal deficit being faced by the Central Government.

(f) In order to minimise the external debt of the country, the Government of India has followed a prudent debt management policy that focuses on concessional and less expensive fund sources, preference for longer maturity profiles, and enduring vigil on build up of short term debt, premature retirement of high cost external debt and encouragement of non-debt creating capital flows. In order to reduce the burden of internal debt, Government has been following a comprehensive strategy to achieve moderation in growth of non-plan expenditure and augment non-debt capital receipt including the tax as well as non-tax receipts. Several initiatives have been taken to restructure the debt portfolio to reduce the interest burden of the debt. The debt structuring measures, along with the policy of fiscal rectitude, are expected to moderate the public debt burden.